

INDEPENDENT ACCOUNTANT'S REPORTS
AS OF AND FOR THE
FISCAL YEAR ENDED JUNE 30, 2017

TOWN OF TIPTON, OKLAHOMA
AND
PUBLIC TRUSTS

Jacqueline J Graves
Certified Public Accountant

Town of Tipton, Oklahoma
And Public Trusts

June 30, 2017

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Jacqueline J Graves
Certified Public Accountant
P.O. Box 322 702 E Street
Snyder, OK 73566

Independent Accountant's Report on
Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Board of Trustees and Management
Town of Tipton and Public Trusts
Tipton, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

United States Department of Agriculture, Rural Development
Hobart, Oklahoma

I have performed the procedures enumerated below which were agreed to by the specified users of this report, as identified above, and as defined within the applicable laws of the State of Oklahoma solely to assist the Town and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2017. Management of the Town of Tipton is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

Procedures and Finding

As to the Town of Tipton, Oklahoma, as of and for the fiscal year ended June 30, 2017:

1. **Procedures Performed:** From the Town's trial balances, I prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

2. **Procedures Performed:** From the Town's trial balances, I prepared a budget and actual financial schedule for the General Fund and any other significant funds (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: No instances noted.

3. **Procedures Performed:** Agreed Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances noted.

4. **Procedures Performed:** Compared Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted as the Town has no uninsured deposits.

5. **Procedures Performed:** Compared Town's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: Oklahoma Statute §11-26-114 requires that Motor Fuel Tax and Vehicle License & Registration Tax revenues be kept separately in a Street and Alley Fund or a Street and Alley account within the General Fund and be expended only for construction, maintenance, repair, improvement, or lighting of streets and alleys. The General Fund has 2 checking accounts: Street Lighting Reserve and Street and Alley, but deposits, expenditures, and transfers are not in keeping with the statute.

6. **Procedures Performed:** Compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: A very large number of checking accounts and excessive transferring of monies among them, along with inconsistencies and errors in the entry of transactions into the accounting system effectively eliminated proper separate reporting of activities by fund.

7. **Procedures Performed:** Compared the Town's account balances in reserve accounts to contractually required balances and debt service requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances noted.

disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

Findings: No instances noted.

As to the Tipton Public Works Authority, as of and for the fiscal year ended June 30, 2017:

1. **Procedures Performed:** From the Authority's trial balances, I prepared a schedule of revenues, expenses and changes in net assets-modified cash basis for each fund (see accompanying Exhibit 4) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No instances noted.

2. **Procedures Performed:** Agreed Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances noted.

3. **Procedures Performed:** Compared Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted as the Authority has no uninsured deposits.

4. **Procedures Performed:** Compared Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances noted.

5. **Procedures Performed:** Compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances noted.

6. **Procedures Performed:** Compared the Authority's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

Findings: No instances noted.

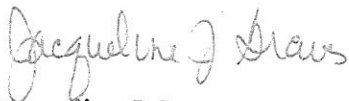
schedule results to the applicable trust reserve requirements to report any noted instance of noncompliance.

Findings: No instances noted.

The accompanying Summary of Changes in Fund Balances – Cash basis for Town of Tipton and Public Trusts as of and for the fiscal year ended June 30, 2017; Budgetary Comparison Schedule – Cash Basis for the General Fund and Other Significant Governmental Funds of Town of Tipton as of and for the fiscal year ended June 30, 2017; Schedule of Grant Activity – Cash Basis as of and for the year ended June 30, 2017; Statement of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis of Tipton Public Works Authority and Tipton Airport Authority as of and for the fiscal year ended June 30, 2017; prescribed USDA Form RD 442-3- Cash Reserved for Rural Development Debt Service as of June 30, 2017 are presented as prescribed by Oklahoma Statutes and USDA Rural Development requirements and were not audited or overviewed by me. Accordingly, I do not express an opinion or any other form of assurance on them.

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of specified users, as identifies above, and is not intended to be and should not be used by anyone other than these specified parties.



Jacqueline J Graves, CPA
Snyder, Oklahoma
August 30, 2018

Jacqueline J Graves
Certified Public Accountant
P.O. Box 322 702 E Street
Snyder, OK 73566

Management is responsible for the preparation and fair presentation of the accompanying selected financial statements which compromise a schedule of changes in fund balances – cash basis for each fund of Town of Tipton and public trust as of and for the fiscal year ended June 30, 2017; a budget and actual financial schedule – cash basis for the General Fund and any other significant fund of Town of Tipton as of and for the fiscal year ended June 30, 2017; prescribed USDA Form RD 442-3 – modified each cash basis for Tipton Public Works Authority and Tipton Airport Authority as of June 30, 2017; and statement of reserved cash in bank for Rural Development debt service for Tipton Public Works Authority as of June 30, 2017, and for determining that the cash (including modified cash) basis of accounting is an acceptable financial reporting framework for the purposes these statements are to serve. I have performed a compilation engagement in accordance with Statements on Standards on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included, they might influence the users' conclusions about the entities' assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Jacqueline J Graves
Snyder, Oklahoma
August 30, 2018

**Town of Tipton and Public Trusts
Tipton, Oklahoma**

**Summary of Changes in Fund Balances
Modified Cash Basis
For the fiscal year ended June 30, 2017
Exhibit 1**

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipt</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
Governmental Funds	\$7,509	\$226,181	\$225,989	\$7,701
Sidewalk to School Project	<u>\$6,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,500</u>
City Subtotal	<u>\$14,009</u>	<u>\$226,181</u>	<u>\$225,989</u>	<u>\$14,201</u>
Airport Authority	\$10,117	\$27,125	\$28,142	\$9,100
Public Works Authority	<u>\$79,552</u>	<u>\$287,763</u>	<u>\$295,887</u>	<u>\$71,428</u>
Enterprise Funds Subtotal	<u>\$89,669</u>	<u>\$314,888</u>	<u>\$324,029</u>	<u>\$80,528</u>
Overall Totals	<u>\$103,678</u>	<u>\$541,069</u>	<u>\$550,018</u>	<u>\$94,729</u>

Town of Tipton
Budgetary Comparison Schedule – Cash Basis
For the Fiscal Year Ended June 30, 2017
Exhibit 2

	General Fund Budget	All Governmental Funds Actual	Variances
Cash Carried Forward	30,575	24,521	(6,054)
Resources/Inflows			
Taxes			
Alcoholic Beverage	12,953	12,906	(47)
Cigarette	1,292	1,109	(183)
Franchise	25,880	22,199	(3,681)
Gasoline Excise	2,012	1,439	(573)
Motor Vehicle Registration	5,964	6,675	711
Sales	97,270	90,211	(7,059)
Use	9,320	7,130	(2,190)
 Cemetery	4,884	9,824	4,940
Municipal Court	10,920	7,015	(3,905)
Grants	0	50,375	50,375
Misc	<u>9,422</u>	<u>2,948</u>	<u>(6,474)</u>
Total Revenues	179,917	211,831	31,914
 Transfers In	<u>0</u>	<u>14,350</u>	<u>14,350</u>
 Total Available	210,492	250,702	40,210
Expenditures/Outflows			
Personal Services	103,343	75,300	28,043
Maintenance & Operations	85,336	85,439	(103)
Capital Outlay	500	55,375	(54,875)
 Transfers Out	<u>0</u>	<u>9,875</u>	<u>(9,875)</u>
 Total Charges to Appropriations	<u>189,179</u>	<u>225,989</u>	<u>(36,810)</u>

Town of Tipton and Public Trusts
Schedule of Grant Activity
Cash Basis
For the fiscal year ended June 30, 2017
Exhibit 3

	<u>Beginning Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>Ending Unexpended Grant Funds</u>
CDBG CIP 16747	\$0	\$10,375	\$10,375	\$0
Reap 16-2269	0	40,000	45,000	(5,000)

Town of Tipton
Enterprise Funds
Statement of Revenue, Expenses, and Changes in Fund Net Assets
Modified Cash Basis
For the fiscal year ended June 30, 2017
Exhibit 4

	<u>Tipton Public Works Authority</u>	<u>Tipton Airport Authority</u>	<u>Total</u>
<u>Operating Revenues</u>			
Water	\$222,110	\$0	\$222,110
Sewer	54,814	0	54,814
Trash	142,115	0	142,115
Airport	0	27,125	27,125
Misc. Operating Revenues	<u>7,500</u>	<u>0</u>	<u>7,500</u>
Total Operating Revenues	426,539	27,125	453,664
<u>Operating Expenses</u>			
Personnel	178,351	0	178,351
Trash Contract	93,535	0	93,535
Water Purchased	22,016	0	22,016
Maintenance & Operation	105,462	9,178	114,640
Interest	15,266	0	15,266
Depreciation	<u>50,064</u>	<u>400</u>	<u>50,464</u>
Total Operating Expenses	<u>464,694</u>	<u>9,578</u>	<u>474,272</u>
Net Operating Revenue	(38,115)	17,547	(20,608)
<u>Non-Operating Revenues</u>			
Interest Income	60	0	60
Transfers In	11,950	0	11,950
Transfers Out	<u>0</u>	<u>(18,964)</u>	<u>(18,964)</u>
Net Non-Operating Revenue	<u>25,010</u>	<u>(18,964)</u>	<u>(6,954)</u>
Net Income (Loss)	(26,145)	(1,417)	(227,562)
Beginning Net Assets	<u>1,084,060</u>	<u>102,407</u>	<u>1,186,467</u>
Ending Net Assets	<u>\$1,057,915</u>	<u>\$100,990</u>	<u>\$1,158,905</u>

Form RD 442-3
(Rev 3-97)
Exhibit 5

Tipton Public Works Authority

Balance Sheet		
Modified Cash Basis (Regulatory)		
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
ASSETS		
<u>CURRENT ASSETS</u>		
1. Cash on hand in banks	71,428	79,552
2. Time Deposits and short-term investments		
3. Accounts receivable		
4. Less: Allowance for doubtful accountants		
5. Inventories		
6. Prepayments		
Total Current Assets	71,428	79,552
<u>FIXED ASSETS</u>		
7. Land		
8. Buildings		
9. Furniture and equipment		
10. Building and Equipment	2,360,661	2,360,661
11. Less: Accumulated Depreciation	<u>(1,070,409)</u>	<u>(1,020,345)</u>
Net Total Fixed Assets	1,290,252	1,340,316
<u>OTHER ASSETS</u>		
12.		
13.		
Total Assets	<u>1,361,680</u>	<u>1,419,868</u>
LIABILITIES AND EQUITIES		
<u>CURRENT LIABILITIES</u>		
14. Accounts Payable	9,055	5,904
15. Notes payable	0	15,940
16. Current portion of USDA note	19,931	19,931
17. Customer deposits		
18. Taxes payable		
19. Interest payable		

21. Notes payable FNB Altus	0	404
22.		

Total Long-Term Liabilities	<u>274,779</u>	<u>294,033</u>
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Total Liabilities	303,765	335,808
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EQUITY

23. Retained Earnings	1,057,915	1,084,060
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24. Memberships		
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Total Equity	<u>1,057,915</u>	<u>1,084,060</u>
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Total Liabilities and Equity	<u>1,361,680</u>	<u>1,419,868</u>
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Tipton PWA
Cash Reserved for Rural Development Debt Service
June 30, 2017
Exhibit 6

Farmers Home Admin Reserve Checking Account	\$34,583
<u>Rural Development Debt Service</u> RD-91-02 (\$2848 x 12)	\$34,176